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ASSISTANT MAJORITY WHIP

COMMITTEES:  
ARMED SERVICES  
INTERNATIONAL RELATIONS  
EDUCATION AND THE WORKFORCE  
HOUSE POLICY

## Congress of the United States House of Representatives

February 27, 2006

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(\*PARTS OF)  
ERIC DELL  
CHIEF OF STAFF

The Honorable Jim Nussle  
Chairman  
House Budget Committee  
309 Cannon House Office Building  
Washington, DC 20515

Dear Chairman Nussle:

I value your leadership in working to shape a viable Fiscal Year (FY) 2007 House Budget Resolution and appreciate the difficult task the House Budget Committee will face in developing a resolution that charts a course towards a strong and healthy America, while ensuring fiscal discipline. However, I would like to express my concern over certain elements of the Administration's FY 2007 budget request for Medicare. The budget's steep Medicare reductions could hurt the people who depend on the program for care.

The President's plan proposes to reduce Medicare spending by \$36 billion over five years (2007 – 2011) and \$105 billion over 10 years. Of the five-year total, \$15.9 billion, or 42 percent, comes from reductions in the inpatient, rehabilitation, and outpatient hospital update factors. In addition, the Administration's FY 2007 budget proposes to phase out bad-debt payments.

More than 80 million Americans depend on their local hospitals and health systems for vital Medicare and Medicaid services. America's hospitals care for everyone who comes through their doors twenty-four hours a day, seven days a week. Hospitals are not just a health care safety net for their communities, but also anchor local economies. They also must stand ready to respond to natural disasters, pandemic diseases, and the threat of terrorism.

In addition, the President's budget adversely impacts Medicare contractor funding by decreasing the funding by \$4.3 million. This funding level depends on an anticipated \$133 million in savings from eliminating paper claims, checks, and notices. Without realization of the savings through paperwork reduction, I am concerned that the decrease in funding will be greater than anticipated. Compounding these cuts are further reductions to Fee-for-Service (FFS) contractor management, which is 8.4% below the FY 2006 level.

America's hospitals are already stretching scarce resources to respond to the daily challenges of caring for all who come through their doors. At a time when 32 percent of hospitals have negative total margins and seven out of ten are losing money on Medicare, I believe that now is not the time for further reductions.

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I share the Administration's concern regarding the fiscal viability of Medicare, and I pledge to work with you to improve the program. I am apprehensive that further reductions in Medicare reimbursement to hospitals and health systems will adversely affect their ability to continue providing a broad array of high quality patient care and services. I urge you to protect health care for all Americans by ensuring that the budget does not include the proposed reductions to hospital and health system Medicare spending.

Very truly yours,

A handwritten signature in black ink that reads "Joe Wilson". The signature is fluid and cursive, with the first name "Joe" and last name "Wilson" clearly distinguishable.

JOE WILSON  
Member of Congress

Cc: Speaker Dennis Hastert